

## Message Text

UNCLASSIFIED

PAGE 01 TEL AV 03903 230808Z

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 PA-02 PRS-01 USIA-15 AID-05 /053 W

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FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 7186

UNCLAS TEL AVV 3903

E.O.11652: N/A

TAGS: ELAB, EFI, IS

SUBJECT: LABOR DISPUTES AGAIN PLAGUE ECONOMY

REF: TEL AVIV 3561

1. SUMMARY: RASH OF LABOR DISPUTES, MAINLY IN PUBLIC SECTOR, ARE AGAIN PLAGUING ISRAELI ECONOMY. YIELDING TO UNION PRESSURES FOR HIGHER WAGES. WOULD SERIOUSLY TAX CURRENT GOI EFFORTS TO FURTHER REDUCE BUDGET. EDITORIAL REACTION POINT TO NEED FOR " SPIRIT OF EMERGENCY" IN ISRAEL, PARTICULARLY IN VIEW LARGE AID REQUEST TO US. END SUMMARY.

2. WITH RECENT CLOSURE OF ASHKELON OIL PORT (REFTEL) DUE TO ILLEGAL STRIKE RESULTING IN ESTIMATED LOSSOF IL 15 MILLION STIL FRESH IN MIND, ISRAEL IS CURRENTLY ENCOUNTERING RASH OF LABOR DISPUTES INVOLVING DEMANDS FOR HIGHER PAY.

3. TRANSPORT MINISTRY EMPLOYEES(INCLUDING RAILWAY, METEOROLOGICAL AND ADMINISTRATIVE WORKERS) ARE CURENTLY ENGAGED IN SANCTIONS IMPEDING SERVICES, WHILE FINANCE, SOCIAL WELFARE, AND INTERIOR MINISTRY EMPLOYEES IN VARIOUS DEPARMTNETS HAVE SUBMITTED DEMANDS . TV AND RADIO EMPLOYEES RECENTLY STOPPED SANCTIONS PENDING FURTHER REVIEW THEIR CLAIM FOR UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 03903 230808Z

HIGHER PAY.

4. CHIEF CAUSE OF THESE DEMANDS IS CLAUSE IN CIVIL SERVICE COLLECTIVE BARGAINING CONTRACT PERMITTING CLAIMS TO BE MADE BASED ON SPECIAL WORK CONDITIONS IN SPECIFIC PLACES OF EMPLOYMENT. UNDER THIS CLAUSE CIVIL AVIATION AND POSTAL TECHNICIANS RECEIVED SPECIAL ALLOWANCES IN 1973. IN EARLY 1974, INCOME TAX EMPLOYEES RECEIVED "ESTRANGEMENT" ALLOWANCE DUE SOCIAL PRESSURE CAUSED BY COLLECTING TAXES FROM ISRAELIS. SIMILAR BENEFIT EXTENDED TO CUSTOMS EMPLOYEES, WHILE POSTAL WORKERS IN 1974 RECEIVED FAVORABLE ARBITRATION AWARD FOR SPECIAL ALLOWANCES FOR VARIOUS REASONS INCLUDING NEED TO USE SECOND LANGUAGE. NOW, WORKS COMMITTEE IN HOST OF AGENCIES HAVE SUBMITTED SPECIAL CLAIMS.

5. MEANWHILE, ALL UNIVERSITY LIBRARIES NOW CLOSED AS RESULT DEMAND BY LIBRARIANS FOR GOI TO FULFILL CERTAIN PROMISES REGARDING REGRADING MADE TWO YEARS AGO. DRIVERS OF SENIOR GOI OFFICIALS ALSO MAKING SIMILAR DEMANDS. THREATENED STRIKE BY LIFEGUARDS DEMANDING HIGHER PAY CALLED OFF AT LAST MINUTE, THUS AVERTING CLOSING ALL BEACHES JUNE 21 AND DENYING ISRAELIS TRADITIONAL RESPITE FROM SWELTERING SUMMER HEAT. TEN BRANCHES OF BANK LEUMI HAVE BEEN CLOSED AFTER EMPLOYEES DECLARED SANCTION IN DEMAND FOR COMPENSATION DUE INCONVENIENCES CAUSED BY RECENT RENOVATIONS(AFTER EXPERIENCING INCONVENIENCES OF PAST FOUR MONTHS WHEN EMBASSY REPLACED AIR CONDITIONING SYSTEM, WE CAN READILY UNDERSTAND THIS DEMAND\*).

6. COMPLICATED PATCHWORK SYSTEM OF CIVIL SERVICE PAY SCALES, DETERMINED MORE BY UNION PRESSURES RATHER THAN ANY RATIONAL JOB EVALUATION AND GRADE CLASSIFICATION SYSTEM, CERTAINLY MADE HOST OF DEMANDS INEVITABLE IN VIEW OF SECAPTE CLAUSE IN MASTER CIVIL SERVICE WAGE AGREEMENT. CURRENT DEMANDS ARE THREATENING BREAKDOWN OF CIVIL SERVICE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TEL AV 03903 230808Z

WAGE AGREEMENT.

7. IN EFFORT TO STEM ILLEGAL STRIKES IN KEY ECONOMIC SECTORS, HISTADRUT EXECUTIVE COMMITTEE JUNE 19, FORMALLY APPROVED DECISION BY SENIOR LEADERSHIP TO WITHDRAW HISTADRUT "PROTECTION" FROM WORKERS IN AIR AND SEA TRANSPORT INDUSTRIES ENGAGED IN ILLEGAL STRIKE AND TO ESTABLISH SPECIAL UNIT IN HISTADRUT

TO DEAL EXPEDITIOUSLY WITH LABOR DISPUTES IN  
THESE TOW INDUSTRIES. IN RECENT ASHKLON STRIKE WITH-  
DRAWAL OF HISTADRUT PROTECTION TO STRKING OIL  
PORT WORKERS DID HAVE SOBERING EFFECT.

8. YIELDING TO UNION PRESSURES WILL BE XPENSIVE  
PROPOSITION, PARTICULARLY AT TIME WHEN GOI IS  
ATTEMPTING TO CUT BUDGET. FAC THAT ISRAEL  
FACING DIFFICULT ECONOMIC SITUATION HAS TO DATE  
MADE LITTLE IMPACT ON ISRAELI LABOR FORCE.  
COMMENTING ON SITUATION, JERUSALEM POST, IN JUNE 20  
EDITORIAL SAID: QUOTE:

...THERE SHOULD BE NO SURPRISE IF US MEASURES  
ISRAELI'S NEED FOR AID AGAINST ITS ECONOMIC PER-  
FORMANCE. THIS EMBARRASSES LEVELS OF PRODUCTIVITY,  
HIDDEN UNEMPLOYMENT, THE IMBALANCE IN OUR  
ECONOMY BETWEEN THE SERVICES AND PRODUCTION, AND  
THE VARIOUS ECONOMIC SCANDALS THAT HAVE BEEN  
UNCOVERED IN THE PAST FEW MONTHS.  
GIVEN THESE CIRCUMSTANCES THERE IS A SERIOUS  
INCONGRUENCE IN THE PRESENT ROUND OF STRIKE ACTIONS  
IN THE CIVIL SERVICE, AND BEYOND, WHICH ARE DESIGNED  
TO ACHIEVE FURTHER WAGE INCREASES BY VARIOUS DEVICES  
OF WHICH THE SO-CALLED "SPECIAL INCREMENT" HAS  
BECOME THE MOST POPULAR FORM.  
PERHAPS THERE IS NO NEED, AS SOME HAVE SUGGESTED  
FOR THE GOVERNMENT TO DECLARE A STATE OF ECONOMIC  
EMERGENCY, WHICH WOULD ENTAIL A FREEZE ON ALL SUCH  
DEMANDS. BUT WHAT IS NECESSARY IS THAT A SPIRIT OF  
EMERGENCY SHOULD BEGINS TO DEVELOP THROUGHOUT THE  
ECONOMY.

THIS WOULD REQUIRE FIRM AND AUTHORITATIVE  
LEADERSHIP AND A WILLINGNESS ON THE PART OF THE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 TEL AV 03903 230808Z

GOVERNMENT TO ADDRESS THE PUBLIC CLEARLY AND  
CANDIDLY ON THE PROBLEMS WE FACE. CERTAINLY THERE  
SHOULD BE NO DOUBT THAT A PEOPLE WHICH HAS  
ALWAYS SHOWN ITS METTLE IN TIMES OF CRISIS,  
WILL SHOW IT AGAIN IN A CONCERTED EFFORT OF  
ECONOMIC REFORM. END QUOTE.  
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